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Second Party Opinion

BRAC Bank PLC Social Bond Framework

Sept. 23, 2025

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Location: Bangladesh

Sector: Diversified Banks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Social Bond Principles, ICMA, 2025

See [Alignment Assessment](#) for more detail.

Strengths

Eligible social projects support financial inclusion and economic empowerment in Bangladesh. Projects will, for example, facilitate access to healthcare, safe drinking water, and affordable housing, all of which are critical to empowering underserved groups. Food security and cottage, micro, small, and medium enterprises (CMSMEs) financing, also crucial to the country's socioeconomic development, are also covered.

Weaknesses

The social impact indicators BRAC Bank will disclose are largely outputs rather than social outcomes. For example, the bank will disclose the number of beneficiaries of its programs rather than wealth created by them. This limits insight into the effectiveness and impact of projects. However, choosing such indicators is not unusual for social instruments due to the complexity of measuring their impact.

Areas to watch

Some eligible categories are broad. This means the bank could finance projects with disparate characteristics and widely different social outcomes, from cottage to medium enterprises, low-income populations to elderly, for instance. Likewise, the bank has no direct control on the affordability of some projects, such as healthcare services provided by private hospitals.

The income bracket for the affordable housing category is relatively broad. This reflects the underdevelopment of mortgages in the country, where housing finance remains inaccessible to most.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Founded in 2001, BRAC Bank PLC is a commercial bank in Bangladesh. It provides banking solutions primarily to the small and medium-sized enterprises (SME) sector.

BRAC Bank is a member of the Global Alliance for Banking on Values (GABV), a network of 70 financial institutions across 45 countries in Asia, Africa, Australia, Latin America, North America, and Europe. The aim of the alliance is to transform the banking system and finance projects that have positive economic, social, and environmental impacts.

As of Dec. 31, 2024, the bank had assets worth Bangladeshi Taka (BDT) 930 billion (US\$7.8 billion), 189 branches, 74 sub-branches, and 446 SME unit offices. BRAC Bank has four business segments: SME Banking, Retail Banking, Corporate Banking and Treasury division, which contributed 30%, 28%, 29%, and 13%, respectively to 2024 revenue.

BRAC, a nongovernmental development organization from Bangladesh, dedicated to poverty alleviation and human development, has a 46% stake in BRAC Bank. The bank listed on the Dhaka Stock Exchange since 2007.

Material Sustainability Factors

Access and affordability

Banks' large impact on society and the economy stems from their role in enabling access to financial services to individuals and businesses, and in ensuring the correct functioning of payments systems, which are cornerstones of economic development and stability. In most countries, unbanked and underserved population segments are still meaningful, although the access gap is most acute in emerging economies. Market imperfections such as low competition, incomplete information, and a lack of financial literacy, often result in costly alternatives for small businesses and people with low incomes, so ensuring affordable access to financial services remains a challenge for the banking industry. New technologies will, however, increasingly enable banks to close this gap through cost efficiencies and product innovation. While structural issues such as poverty, informality, and a lack of financial literacy partly limit access to financial services, banks have significant opportunities to support economic development through financial inclusion. Bangladesh Bank (the central bank) and the Ministry of Finance of Bangladesh has implemented the National Financial Inclusion Strategy spanning 2021-2026 that aims to expand financial inclusion nationwide, embed green finance, and promote digital financial services to reach underserved groups including women, youth, and climate-affected populations.

Privacy Protection

Banks rely heavily on IT systems, using digitization (or computer processing of information) extensively. Growing use of client data collection, data mining, and artificial intelligence have brought significant efficiency gains and facilitated financial access. However, this has increased banks' exposure to the risk of IT infrastructure failures and cyberattacks. Privacy protection risks are rising and evolving as cyber hackers become more sophisticated. Bangladesh's banking sector faces increasing cybersecurity challenges, with warnings from Bangladesh Bank in July 2025 about potential large cyberattacks targeting banking and payment systems. These risks arise from exploit patterns such as credential compromises, with legacy systems and heightening vulnerabilities. Despite some regulatory frameworks, there are gaps in comprehensive data protection laws and enforcement specific to financial data privacy in Bangladesh, creating challenges for banks in ensuring full compliance and protection. Statista forecasts rapid growth in digital banking market in Bangladesh, reaching a market size around US\$7.96 billion by 2030.

Responsible marketing and labelling

While the financial services sector depends on customer satisfaction and trust, opaque pricing and misleading sales have undermined customer trust. Regulators are closely watching certain subsectors such as subprime lending, student loans, and residential mortgage origination/servicing. Furthermore, investors, regulators, and the broader community are subjecting sustainable products to scrutiny. There is skepticism about sustainability claims, based on the possibility that such statements may make the products and services appear more proactive on the underlying issues than they are. Such ethical challenges, if not properly managed with responsible marketing practices and customer engagement considerations, could pose material social risks to financial services companies. Regulation and consumer protection mechanisms have evolved over the past decade and should continue to help limit these risks in the financial services sector. Bangladesh bank has mandated that all banks and financial institutions should maintain transparency in all terms and conditions related to banking products and services. This includes clear disclosure of fees, charges, penalties, interest rates, customer liabilities, notification of changes, and customer consent for all value-added services. Bangladesh Bank is restructuring its regulatory framework by implementing a Risk Based Supervision policy, promoting safe lending practices aligned with international standards.

Climate Physical Risks

Banks finance a wide array of business sectors that are exposed to physical climate risks. Similarly, banks' physical footprints such as branches or ATMs, may also be exposed to physical risks, which may disrupt their ability to service clients in the event of natural catastrophes. Banks may contribute to mitigating the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies. Bangladesh is highly vulnerable to climate change impacts, including increasingly intense heat waves causing health crises, glacier melt causing erratic flooding and water shortages, rising sea levels threatening coastal lands and millions of people, frequent cyclones, and storm surges. These risks severely impact agriculture, water security, infrastructure, and human health.

Issuer And Context Analysis

The eligible social projects aim to address some of BRAC Bank's most material sustainability considerations. Projects under the framework support access to essential services and infrastructure, affordable housing and socioeconomic advancement and empowerment to underserved populations and vulnerable communities in Bangladesh. The projects thereby can provide additional benefits such as food security and employment generation. These projects include lending to CMSMEs, especially those who are led by women, youth, and underrepresented groups.

BRAC Bank's strategy focuses on affordable, responsible and inclusive financial services to CMSMEs, women entrepreneurs and essential infrastructure. It does this through both digital and physical channels. Due to the country's significant dependency on the CMSME sector, such financing plays an important role in the Bangladesh's economy and society. As of 2024, BRAC Bank has 41% of its loan portfolio dedicated to CMSMEs, with 60% of these loans disbursed in rural areas, helping local economies, empower entrepreneurs, create jobs, and facilitate long-term socioeconomic development. The bank offers small-ticket loans to bring grassroots entrepreneurs under formal banking services, while more than 85% of the CMSME loans are collateral-free. In 2024, the bank secured US\$50 million from British International Investment, the U.K.'s development finance institution and impact investor. This fund will support micro, small and medium-size enterprises and women-led businesses. The bank said it also achieves affordability in its lending through preferential interest rates and flexibility with collateral requirements.

The acceleration of the bank's digital offerings exposes its clients to data protection and privacy risks. BRAC Bank has established a data privacy and information security framework that combines architecture, technology, tools, policies, and processes to prevent, detect, respond to, and recover from cyber threats. It has developed a Cybersecurity Framework based on the National Institute of Standards and Technology guidelines. The bank's cybersecurity and information security has achieved globally recognized certifications such as ISO 27001, ISO 18788:2015, SWIFT Customer Security Program, and PCI-DSS to ensure data security and privacy

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protection. The bank has a Cyber Fusion Centre and operates a 24x7 Security Operations Centre to proactively defend against cybersecurity threats. According to BRAC Bank, there were no major security breaches in the past three years.

BRAC Bank's policies and code of conduct should ensure responsible marketing and labelling practices. Employees are expected to honor customer needs in a neutral, prompt and honest manner. They are also directed to keep customers fully informed about all relevant banking and financial products, ensuring fair, concise, and clear communication that does not mislead. This keeps clients fully aware of the features, relevant fees, and associated risks for financial products and services. There is a grievance redressal mechanism and a publicly accessible customer complaint service helpline. In addition, the bank's product program guidelines govern marketing and responsible lending, consistent with regulatory requirements.

The bank has policies and procedures in place to ensure thorough understanding of a customer's financial profile, sources of funds, and repayment capacity, to avoid over-indebtedness. These include a business financing policy, loan portfolio guidelines, and know your customer procedures. It also conducts financial literacy programs to ensure clients understand their obligations.

Physical climate risks are increasing for banks at an above average pace in Bangladesh. Some social projects may entail the construction of sizable assets, such as buildings (affordable housing) or plants (affordable basic infrastructure), which are primarily exposed to weather events, and for which greenhouse gas emissions may become increasingly relevant. BRAC Bank has invested in climate adaptation programs through its corporate social responsibility initiatives. These investments include funding agricultural adaptation projects and supporting research in climate adaptation. The bank relies heavily on environmental and social risk management (ESRM) in its financing decisions, by applying national and international ESRM guidelines to evaluate and mitigate environmental and climate-related risks associated with the projects it finances.

BRAC Bank calculates scope 1, 2, and 3 emissions and has incorporated financed emissions into its scope 3 reporting, using Partnership for Carbon Accounting Financials (PCAF) standards. While the bank has developed a decarbonization plan, approved by the board and centered on its financed portfolio, it does not have a public commitment for short-to-medium term or net zero targets to reduce its carbon footprint. It is currently in the process of developing sector specific pathways for emission reduction. The bank dedicates 81% of its overall portfolio to sustainable finance, with 24% focused on green finance aimed at reducing greenhouse gas emissions and promoting renewable energy such as solar power. Key financed sectors include renewable energy, energy-efficient projects, climate-resilient agriculture, and waste management projects.

Alignment Assessment

This section provides an analysis of the framework's alignment to Social Bond principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Social Bond Principles, ICMA, 2025

✓ Use of proceeds

All the framework's social project categories are aligned. BRAC Bank commits to allocate the net proceeds issued under the framework exclusively to eligible social projects, contributing to specific Sustainable Development Goals. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the social benefits of the expected use of proceeds. The bank intends to allocate up to 30% of the proceeds toward refinancing projects, while the remaining will be allocated to future projects. The look-back period in case of refinancing projects is 12 months, which is shorter than market practice.

✓ Process for project evaluation and selection

While selecting the social projects under the framework, the asset origination businesses ensure adherence to BRAC Bank's Environmental and Social Management System (ESMS), after these assets are originated by the Asset Originating Businesses. The subcommittee of the bank's Sustainable Finance Committee owns and provides the final approval of the selection and evaluation of projects. The committee together with the treasury team govern the framework and allocate eligible assets to sustainable instruments. The ESMS, along with Environmental and Social Due Diligence (ESDD) checklist, and where necessary the IFC performance standards checklist is used to identify and manage environmental and social risks associated with eligible projects. The framework includes a long and detailed exclusion list, covering projects exposed to forced or child labor, illegal substances, use of coal, radioactive materials, weapons and munitions, alcoholic beverages, adult entertainment, tobacco and gambling to name a few.

✓ Management of proceeds

BRAC Bank will monitor, and track net proceeds issued under the framework through its Treasury Management System and accounting. The Treasury Department will be responsible for managing any unallocated proceeds until their full allocation. Such unallocated proceeds can be held in cash, cash equivalents, or other liquid instruments, consistent with the bank's treasury policy. The bank will allocate the net proceeds within 36 months after the issuance of a social instrument. The bank commits to replacing projects that cease to comply with the framework's eligibility criteria.

✓ Reporting

BRAC Bank commits to report annually on the allocation of the net proceeds and on the financed projects' impact, until full allocation of the net proceeds and in case of material developments. Reporting will be available on the bank's website. Allocation reporting will include the total amount of proceeds allocated to eligible loans/assets, the balance of unallocated proceeds, the number of eligible loans/assets, the amount or the percentage of new financing and refinancing, a brief description of the projects (including of their target populations), and the breakdown of allocation of net proceeds by eligible category. The bank will also report on the impact of the financed projects. These disclosures typically cover social outputs (e.g. number of CMSMEs financed) rather than outcomes (e.g. increased income of beneficiaries), providing indirect insight into the effectiveness of projects. BRAC Bank commits to receiving an external review on the allocation and tracking of proceeds, which adds to the invested projects' transparency.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

The bank intends to tentatively allocate 79% of the proceeds toward employment generation & CMSME financing, 7% toward socioeconomic advancement and empowerment, 3% toward food security, 1% toward affordable housing, and 10% toward access to essential services/public health infrastructure projects.

Social project categories

Employment generation & CMSME financing

- Financing of working capital and investment needs of CMSMEs with the objective of expanding their access to financial services, contributing to maintenance of operations, expansion strategies and employment generation.
- Poverty alleviation, employment programs, and other programs that contribute directly to the stimulation of sustainable economic activities.
- Funding projects that promote growth of CMSMEs.
- Digital loan (App based)
- Collateral free small ticket size loan.

Analytical considerations

- According to Asian Development Bank, 18.7% of Bangladesh's population lived below the national poverty line and 4.6% of the total labor force was unemployed in 2022. Meanwhile, the Bangladesh Bureau of Statistics survey showed that nearly 72% of the population aged over 15 did not have an account with bank or non-bank financial institution in 2023. Government and Bangladesh Bank initiatives continue to expand financial inclusion targeting low-income and rural populations, especially through SME financing. For example, Bangladesh's Vision 2041 mentions that SMEs will be given special attention to promote entrepreneurship, create jobs, and foster innovation.
- CMSMEs account for 25% of Bangladesh's GDP and employ 87% of the active labor force. Of these CMSMEs, 80% operate informally, lacking registration, effective regulation, access to formal finance, and social protection. CMSMEs in Bangladesh are crucial in generating rural and decentralized employment, helping reduce rural-urban disparities. These enterprises frequently serve as entry points for women and marginalized communities to participate economically. The definition of CMSMEs adheres to that of Bangladesh Bank and the Government of Bangladesh. The classifications are based on an enterprise's sub-sector, fixed asset value, number of employees, turnover, and maximum loan or investment limit. For example, a cottage enterprise has a fixed asset value of less than BDT1 million (US\$8,210), and a maximum 15 employees including family members; while a medium enterprise from the manufacturing industry has a fixed asset value up to BDT500 million (US\$4.1 million), and number of employees up to 300.
- Typically, these small businesses struggle with access to funding, due to illiteracy, unaffordable loan rates, or lack of collateral. In March 2025, Bangladesh Bank introduced a policy requiring banks to allocate 27% of their total loans to CMSMEs by 2029, with annual increments of 0.5 percentage points starting from 2025. Bangladesh's Industry Ministry is preparing the SME Policy 2025, an update from the earlier policy published in 2019, to ensure sustained development of the SME sector and an increase in the SME sector's contribution to the national GDP to 35% by 2030.
- Proceeds will also be allocated to projects relating to poverty alleviation, employment programs, and other programs that contribute directly to the stimulation of economic activities. Examples include financial inclusion initiatives that enable farmers and small businesses to open low-cost bank accounts.
- This category covers financial products and services that are designed to be income-generating, such as loans, savings, insurance offerings, and cash management and payment solutions. According to BRAC Bank, these products and services

typically are collateral-free, with lower interest rates compared with informal money lenders, and come with training on financial literacy. This can enable broader access to finance for underserved businesses. Meanwhile, uncollateralized funding tends to achieve higher social outcomes, being less risky for borrowers. The bank may extend concessionary rates to specific CMSME segments, such as agriculture. There is no prioritization of sector or of smaller businesses among target borrowers.

Socioeconomic advancement and empowerment

- CMSMEs that are >50% owned or controlled by women.
- CMSMEs that have >30% women in their workforces.
- Projects that aim to provide women and female-owned CMSMEs with access to financial services, including affordable credit, payment and saving accounts and nonfinancial services such as financial and business training.
- CMSMEs projects and services that create job opportunities for women.
- CMSMEs products and services that specifically or disproportionately benefit women.

Analytical considerations

- Eligible projects aim to promote gender equality and opportunities to women in CMSMEs. They are consistent with the Bangladesh's Vision 2041 to empower women and increase their participation in the economy, particularly in leadership role.
- Target populations are CMSMEs that are >50% owned or controlled by women, or have >30% women in their workforces. The definition of CMSMEs is the same with the "Employment generation" category, adhering to that of Bangladesh Bank and the Government of Bangladesh. There are no income criteria for women, which could lead to a less effective allocation of funding. However, women are broadly at an economic disadvantage in the country.
- Bangladesh's Global Gender Gap Index of 0.689 ranked 99 in 2024. In the past five years, economic gender parity has deteriorated significantly, leaving Bangladesh with a wider gender gap to close. Income inequality between men and women has increased nearly five times since 2018. Women's representation in senior leadership roles has also decreased, resulting in a 92 percentage-point gap to bridge.
- BRAC Bank defines affordable credits as financial services feature lower interest rates compared with informal money lenders (through partnership with Bangladesh Bank's refinancing schemes), simplified loan processing, flexible repayment terms, minimal or no collateral requirements, and value-added supports (e.g. financial literacy training and business development advice).

Food security

- Small scale irrigation and agriculture value chain development with a view to improving the productivity of small-scale producers.
- Provision of farm infrastructure and agriculture inputs for rural farmers.
- Small scale fishing and aquaculture sectors of the blue economy.
- Financing in livestock, poultry and fisheries to ensure food security.
- Financing/refinancing projects that promote food storage, such as cold storage, warehouses, or improved packaging.

Analytical considerations

- Eligible projects are consistent with national policies and facilitate the access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; and improved productivity of small-scale producers.
- According to the Integrated Food Security Phase Classification (IPC) in April 2025, approximately 15.5 million people in Bangladesh (16% of the population) experienced high levels of acute food insecurity and were classified in IPC Phase 3 or above (crisis or worse). The country faces challenges such as high vulnerability to natural hazards (e.g. floods and cyclones), inflation,

and political instability. These led to sharp increases in staple food prices and worsening living standards, particularly for those in disaster-prone and marginalized areas. Meanwhile, malnutrition remains an issue in the country. Approximately 9 million children between six months and five years of age suffer from malnutrition, with 41% of children stunted, and 36% of children underweight. More than 90% of rural Bangladeshis are not getting enough Vitamin A and have iron deficiencies.

- Projects aim to improve both access to, and quality of, food. Both are important social considerations in the country. It is consistent with the National Food and Nutrition Security Policy, which aims to achieve <10% prevalence of undernourishment, <15.5% prevalence of stunting among children under 5 years old, and <5% prevalence of wasting among children under 5 years old by 2030.
- Target populations include those in the low-income bracket and small-scale producers. BRAC Bank refers to the government poverty line to define low-income populations. This is based on household income and expenditures (i.e. cost of basic needs method, which is based on the purchasing power of a family to buy a specific basket of food and non-food items). Meanwhile, small-scale producers are smallholder farmers who own or operate between 252 and 10,077 square meters of land.
- Blue economy refers to the sustainable use of ocean resources for economic growth. Eligible activities include fisheries, maritime transport, coastal tourism, and offshore energy exploration. The framework has excluded unsustainable fishing methods and destruction of high conservation value areas.
- Such projects could involve some land conversion to agriculture, and an increase in the number of livestock farmed (protein processed). Likewise, spending could cover chemical pesticides and fertilizers. BRAC Bank relies on its ESRM framework to factor in environmental risks when lending to the agricultural sector.

Affordable housing

- Implementing new residential construction projects.
- Investment in improving the quality of existing social and affordable housing facilities.
- Refortifying, expanding and improving homes to ensure that houses are less vulnerable to climate-related hazards.
- Financing of projects aimed at providing basic sanitation for households.

Analytical considerations

- According to United Nations Development Programme (UNDP) as of 2024, there is a significant housing deficit in the country of around 6 million units. The UNDP projects the deficit will rise to 10.5 million by 2030, with 70% of the demand being for affordable housing. The annual supply stands at 31,500 units, covering only about 1% of demand. Economic disparities and income inequality limit access to housing finance, especially for low-income and informal sector households. Mortgage finance penetration in the country is very low compared to regional and global benchmarks.
- According to the World Bank, the proportion of the urban population living in slums was 52% in 2020. A large portion of informal housing in urban Bangladesh is densely packed, lacking in sanitation and basic infrastructure. Many homes are in hazard-prone or environmentally fragile areas exposed to flooding, inadequate drainage, and health risks. Heat waves, monsoon flooding, and sewer overflows can gravely impact sanitation. Poor sanitation and crowded living conditions aggravate the spread of waterborne and airborne diseases, while climate hazards lead to displacing millions and increasing population density in already congested urban areas.
- Investments in affordable housing projects make home ownership accessible, along with improving living conditions for the target groups and have considerable health co-benefits. The target low-income population is defined as people with monthly income of BDT30,000 (US\$247) to BDT97,000 (US\$797). The range has been established based on a study conducted by the IFC, before it fully subscribed a US\$50 million-equivalent “Affordable Housing Bond” issue by BRAC Bank in 2022, and adjusted for inflation and other economic factors. This looks relatively high compared to an average individual income below BDT30,000, as per the Household Income and Expenditure Survey 2022. However, the broad range helps BRAC Bank cater to housing needs from rural as well as urban areas. Housing in urban areas is considerably pricier, mortgage tenors tend not to exceed 10 years, and interest rates are typically well above 10%. This prevents a large portion of the city population from accessing mortgages due to overwhelming debt servicing obligations. The very low mortgage penetration of 3% in 2021 (source: IFC) translates into a very low ratio of household debt to GDP of about 7% in Bangladesh (source: IMF). BRAC Bank offers preferential rates (1%-2% below market) and longer tenor of up to 20 years to support debt servicing and borrowing capacity.

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- The framework does not specifically consider environmental criteria for prospective housing units, potentially exposing new constructions to climate resilience or climate transition issues. However, the bank follows the ESRM guidelines from Bangladesh Bank to minimize negative impacts on the environment.

Access to essential services/ public health infrastructure

- Construction, operation, maintenance, and renovation of health facilities and necessities like water and sanitation that improve the quality and capacity of the facility.
- Increase access to safe drinking water by installing community water points or filtration systems.
- Improve sanitation infrastructure
- Financing construction, maintenance, improvement and/or purchase of equipment for private hospitals and other private health care institutions that provide free or subsidized access to vulnerable communities (living below poverty line, excluded and/or marginalized populations, people with disabilities, unemployed, elderly, sick, and underserved).
- Projects that improve technological access within the health care sector


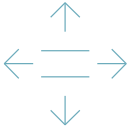


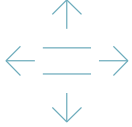



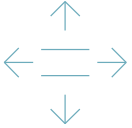
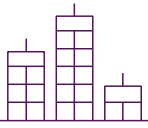
Analytical considerations

- Urban areas in Bangladesh are densely populated and have limited public health care facilities, forcing many poor and slum dwellers to rely on expensive private services. Bangladesh faces significant challenges in water and sanitation, particularly in urban slums and remote rural areas. Many lack access to safe, reliable drinking water, and sanitation coverage is incomplete with inadequate waste management systems. Likewise, while the government and development partners such as the World Bank have launched projects to improve primary healthcare, challenges include insufficient public health funding, increasing burden of non-communicable diseases, and uneven service coverage.
- Target populations are low-income groups, underserved and vulnerable individuals (including people with disabilities, unemployed, elderly, sick, and underserved). BRAC Bank refers to the government poverty line to define low-income population. Underserved and vulnerable individuals are those living below the poverty line, marginalized populations, and who earns less than US\$100 a month and are financially excluded from the formal banking system. People with disabilities refer to individuals with physical, mental, intellectual, or sensory impairments that may hinder their full and effective participation in society; unemployed are individuals of working age who are not employed but are actively seeking work; and sick people refers to those with serious or chronic illnesses, and are considered vulnerable due to their reduced ability to earn an income and high health care costs.
- Eligible projects include financing of health care, water, and sanitation infrastructure. Health care projects could improve patient access to essential medical care and could translate into greater efficacy of existing health care infrastructure. Water and sanitation projects, meanwhile, have several health benefits and in turn could reduce the burden on currently insufficient health infrastructure.
- Projects like health care facilities and water and sanitation initiatives involve risks that the bank cannot control, such as lack of affordability. There can be an uneven distribution of the benefits of these facilities between the intended target groups and others, potentially limiting access for underserved communities. Additionally, social challenges such as limited awareness, cultural resistance, and insufficient community involvement may hinder the acceptance and adoption of improved sanitation, hygiene, and health care practices.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

| Use of proceeds | SDGs | | |
|---|---|--|--|
| Employment generation & CMSME financing |  <p>8. Decent work and economic growth*</p> |  <p>10. Reduced inequalities</p> | |
| Socioeconomic advancement and empowerment |  <p>5. Gender equality*</p> |  <p>8. Decent work and economic growth*</p> |  <p>10. Reduced inequalities*</p> |
| Food security |  <p>1. No poverty</p> |  <p>2. Zero hunger*</p> | |
| Affordable housing |  <p>6. Clean water and sanitation</p> |  <p>10. Reduced inequalities</p> |  <p>11. Sustainable cities and communities*</p> |

Access to essential services/ public health infrastructure



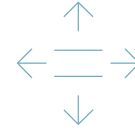
3. Good health and well-being*



5. Gender equality



8. Decent work and economic growth*



10. Reduced inequalities*

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions](#), March 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), March 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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